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GOVERNOR

STATE OF MICHIGAN  
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES  
DAVID C. HOLLISTER, DIRECTOR

ACTING EXECUTIVE  
DIRECTOR

## MEMORANDUM

September 23, 2003

TO: Management Agents of Section 8 and 236 Project-Based Properties  
Management Agents of Multifamily Assisted Properties

FROM: Jeffery K. Wirrick, Operations Manager  
Contract Administration/Office of Asset Management

Sherri Davio, Compliance Manager  
Office of Legal Affairs

SUBJECT: Implementation of Handbook 4350.3 REV-1, dated June 12, 2003

Attached is the Memorandum from Mr. Stillman D. Knight, Jr., Deputy Assistant Secretary for Multifamily Housing Programs, HT, U.S. Department of Housing and Urban Development that outlines implementation requirements related to the recently revised 4350.3. Also included are Exhibit A – ***Crosswalk Between Old Handbook and Revised Handbook*** and Exhibit B – ***New Policies Introduced in Handbook 4350.3 Rev-1, Occupancy Requirements of Subsidized Multifamily Housing Programs.***

These changes apply to all multi-family housing developments that fall under one of the following MSHDA categories:

- Performance-based HUD Section 8 contract administered;
- Paid-off MSHDA mortgages, Section 8 subsidy administered only;
- MSHDA-financed HUD Section 8 and Section 236;
- MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30, TEAM and Home Team Advantage);
- Pass-Through and Modified Pass-Through;
- Stand-Alone HOME Projects;
- NPP Projects; and
- Low Income Housing Tax Projects (LIHTC).

The purpose of this correspondence is twofold: 1) to affirm the implementation schedule set forth by HUD in Mr. Knight's Memo and 2) to clarify what MSHDA and HUD will be expecting from each Managing Agent as you begin to implement these revisions.

### Item-by-Item Clarification

On September 5, 2003, MSHDA, its subcontractors, and representatives from the Detroit Multi-Family Hub Office met to determine a reasonable and consistent application of these changes. The result of our discussion is a modified version of Exhibit B. The modified version is included

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Handbook 4350.3 REV-1 Revisions and Implementation

in this correspondence and incorporates additional clarification language for each of the fourteen (14) items - this language is captured in the table following each item. Inclusion of this language will ensure that Agents and Owners know what is expected of them as on-site management reviews and tenant file reviews are performed.

Timely and global implementation of these 4350.3 changes will be required, without exception. Yet, we believe training and a reasonable time period or transition period is essential for proper implementation. **Accordingly, until January 1, 2004, no adverse findings will be noted** when MSHDA staff or their subcontractors are on site to perform reviews. However, non-compliance of these 4350.3 changes will be discussed with the Agent to ensure appropriate implementation.

The implementation process began on June 12, 2003, for all changes, except those specifically noted in the HUD Memorandum attached. However, the revisions require full and accurate compliance by **January 1, 2004**.

Please review the accompanying information carefully to ensure a successful and timely implementation. If you have any questions, please contact us according to our areas of responsibility.

Jeffery Wirrick at 517.335.6020 [Wirrickj@michigan.gov](mailto:Wirrickj@michigan.gov)

- Performance-based HUD Section 8 contract administered;
- Paid-off MSHDA mortgages, Section 8 subsidy administered only.

Sherri Davio at 517.335.6009 [Davios@michigan.gov](mailto:Davios@michigan.gov) ; or the Compliance Division at 517.241.2560

- MSHDA-financed HUD Section 8 and Section 236;
- MSHDA Direct Loan projects (funded under tax-exempt and taxable bond financing programs, including One Percent, 80/20, 70/30 and TEAM and Home Team Advantage);
- Pass-Through and Modified Pass-Through;
- Stand-Alone HOME Projects;
- NPP Projects; and
- Low Income Housing Tax Projects (LIHTC).

Your cooperation is appreciated. For Agents with HUD administered properties, the local HUD field offices will be sending you, under separate cover, these implementation requirements.

Attachments:

- Memorandum from Stillman D. Knight, Jr., Deputy Assistant Secretary for HUD Multifamily Housing Programs, dated August 21, 2003, and original Attachments
- Modified Exhibit B, as modified by MSHDA on September 23, 2003
- Memorandum from Frederick Tombar III, Acting Deputy Assistant Secretary for Multifamily Housing Programs, HT, dated March 18, 2003, which can be located at: <http://www.hud.gov/utilities/intercept.cfm?/offices/hsg/mfh/rfp/docs/ombmandatedrept.pdf>